To our Shareholders:

We are pleased to report record earnings for the third quarter and for the first nine months of 1976.

Consolidated net income for the three months ended September 30, 1976 was $21,630,000, an increase of 83.6% over earnings of $11,782,000 for the third quarter of 1975. Earnings per share for the third quarter were $1.66 primary and $1.52 fully diluted, compared to 1975 figures of $1.27 primary and $1.13 diluted. Third quarter revenues rose to $314,277,000 from $261,409,000 in 1975.

For the first nine months of 1976, consolidated earnings were $50,267,000 or $4.05 fully diluted, which is 61% above the $31,221,000, or $3.11 per share diluted, earned in the first nine months of 1975. Operating revenues for the period were $933,653,000 against $806,193,000 the previous year.

The regular quarterly dividend was paid at the increased rate of $.40 per share in September. This was the second dividend increase in 1976.

We reported on September 15, that discussions to determine the feasibility and advisability of placing the Company and the Southern Railway under common corporate ownership and control had been terminated without agreement. No further negotiations are currently planned.

On October 15, an important long term objective was achieved by effecting the merger of The Texas and Pacific Railway and the Chicago and Eastern Illinois Railroad into the Missouri Pacific Railroad. In the transaction, MoPac issued 972,772 shares of new common stock in exchange for the stock of the C&EI and T&P. Your Company received 789,441 of these shares and holds 92% of MoPac's outstanding common and preferred shares.

Consolidated Statement of Income

Unaudited

(In Thousands of Dollars)		Three Months Ended September 30		Nine Months Ended September 30	
		1976	1975	1976	1975
Sales and Revenues:	Railroad operations	$253,841	$215,597	$753,911	$643,444
	Other operations	60,436	45,812	179,742	162,749
		314,277	261,409	933,653	806,193
Expenses:	Railroad operations	189,265	163,271	572,817	493,491
	Other operations	44,657	33,743	142,146	130,814
	Depreciation, depletion and amortization	9,363	10,060	28,954	28,382
	Interest expense	15,742	14,820	46,650	43,870
	Taxes other than federal income taxes	23,345	17,182	63,648	53,210
		282,372	239,076	854,215	749,767
	Other income, net	3,644	2,235	12,345	6,900
Income Before Federal Income Taxes and Minority Interests		35,549	24,568	91,783	63,326
	Federal Income Taxes:				
	Current	7,105	4,949	17,884	7,895
	Deferred	6,043	3,770	12,871	14,842
		13,148	8,719	30,755	22,737
	Income before minority interests	22,401	15,849	61,028	40,589
	Minority interests	771	4,067	10,761	9,368
Net Income		$ 21,630	$ 11,782	$ 50,267	$ 31,221
Earnings Per Share:	Primary	$1.66	$1.27	$4.53	$3.36
	Fully diluted	$1.52	$1.13	$4.05	$3.11
Average Shares Outstanding	Fully diluted	14,609,001	10,793,278	12,443,082	10,099,954

Contribution by Business Groups

Income Before Federal Income Taxes and Minority Interests:

	Railroad	$ 27,450	$ 19,163	$ 76,084	$ 50,696
	Natural Gas Pipeline	7,195	5,042	15,377	13,033
	Cement	2,705	2,153	5,664	5,290
	Parent company overhead and interest expense	(1,801)	(1,790)	(5,342)	(5,693)
		$ 35,549	$ 24,568	$ 91,783	$ 63,326

The Missouri Pacific Railroad's consolidated net income for the first nine months rose to $45,043,000, compared to $25,043,000 in the same period of 1975. Operating revenues were $753,911,000 against $643,444,000 in the previous year. Carloadings advanced 3.5% with the largest gains achieved in automobiles and parts (40%), chemicals (12%), lumber (13%) and paper traffic (13%). Piggyback and container loadings were up 11% while metals decreased 18% and grains and aggregates each declined about 9%.

Net income of Mississippi River Transmission Corporation, your Company's wholly-owned natural gas pipeline company, was $8,917,000 for the first nine months as compared to $8,598,000 for the same period in 1975. The pipeline's revenues in 1976 were $152,114,000, compared to $138,586,000 last year. On October 1, a rate increase of approximately $13,100,000 in annual revenues was put into effect subject to possible refund upon final determination by the Federal Power Commission.

Earnings from River Cement Company's operations for the first nine months were $3,365,000, compared to $3,210,000 in 1975. Cement sales were $28,031,000 for the nine month period compared to $24,663,000 last year.

The outlook for each of our subsidiaries is good. We are confident that 1976 will be a record year for Missouri Pacific Corporation.

D B Jenks

Downing B. Jenks
Chairman of the Board

T H O'Leary

Thomas H. O'Leary
President

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Third-Quarter Report 1976